

# Crime Awareness Newsletter

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Courtesy of the  
**Department of Defense**  
**Office of the Inspector General**  
**Defense Criminal Investigative Service**  
**Central Field Office**



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## Indictments

### Worker's Compensation

A 35-count indictment was returned against Herbert Donald Dockery, former branch manager for Disability Management Services, Crawford and Company, Norfolk, VA. Crawford and Company allegedly engaged in mail and wire fraud as a means to submit false claims to the Department of Labor (DOL) Office of Workers Compensation Program (OWCP), Newport News Shipbuilding (a DoD top 100 contractor), and various other commercial entities. Through the DOL OWCP, Dockery's office provided vocational rehabilitation and medical case management services to Department

of Defense (DoD) civilian and contractor employees, as well as to employees of other Government agencies and commercial entities. As a manager with Crawford and Company, Dockery had a compensation agreement authorizing the company to pay him 40 percent of the net profits of his office, which he allegedly sought to maximize through the submission of false claims. The Norfolk Resident Agency (RA) is conducting the investigation with the DOL and with audit assistance from the Defense Contract Audit Agency (DCAA).

### Theft of Surplus

An indictment was returned in U.S. District Court, Alexandria, VA, charging Anthony J. Richardson, an employee of the Department of Public Works, District of Columbia (DC) Government, with one count of conspiracy to commit theft of U.S. Government property. Between 1995 and 1998, Richardson and other employees of the Department of Public Works obtained large amounts of excess DoD property, purportedly for use

by the DC Government. The property was obtained through a DoD program that permits other Federal agencies, as well as the DC Government, to obtain excess DoD property for agency use at no cost. The property, which included vehicles, heavy equipment, boats, marine engines, appliances, furniture and electronics such as camera equipment, televisions, videocassette recorders and stereo equipment, was obtained from several Defense Reutilization and Marketing Offices, including one at Fort Belvoir, VA. For personal gain, Richardson then allegedly conspired with Eric H. Campbell, another Department of Public Works employee, to obtain and sell at second hand stores in DC some of the excess property obtained. Campbell has already pled guilty and been sentenced for his part in the scheme. The Mid-Atlantic Field Office (FO) is conducting the investigation jointly with the Federal Bureau of Investigation (FBI).

### Wire Fraud

An 11-count indictment was returned against Elizabeth J. Rogers, Belleville, IL, for allegedly committing wire fraud. Rogers, owner and operator of Specialized Services Operations, LLC, a subcontractor

at Scott Air Force Base (AFB), IL, allegedly submitted fraudulent documents to TransCentral, Incorporated, a Minnesota-based lender. Rogers allegedly obtained cash advances of over \$1 million by submitting invoices on which the U.S. Air Force had already made payment or false invoices on which the U.S. Air Force would never make payment. The Central FO is conducting the investigation with the FBI and the Internal Revenue Service (IRS).

#### **Health Care Fraud**

A one-count indictment was returned against Dr. Allen Lee Paris charging him with allegedly conspiring to submit false claims to the U.S. Government. An investigation disclosed Paris, owner and operator of Mid America Clinical Laboratories, allegedly conspired to submit false claims in connection with the receipt of over \$200,000 from the Health and Human Services (HHS) and the DoD. Paris allegedly submitted payment requests for Medicare and Civilian Health and Medical Program of the Uniformed Services (CHAMPUS-now known as TRICARE) beneficiaries for clinical laboratory services that were not ordered or were billed as component elements of chemistry tests, panels or profiles. The Central FO is conducting the investigation with the U.S. Postal Inspection Service (USPIS) and the HHS, with audit support from

the Health Care Finance Administration.

#### **Kickbacks**

The Crown Prosecutor of Canada, Montreal, Quebec, Canada, charged Christian Vincent, former subcontract manager for Howmet-Cercast, Incorporated (Cercast), Montreal, Quebec, Canada, with six counts of accepting secret commissions and Elmond Amorer, former quality control inspector for Cercast, with one count of accepting secret commissions. An investigation disclosed that Christian allegedly received about \$300,000 in cash from Cercast toolmakers in return for Christian awarding Cercast purchase orders for work on DoD and National Aeronautics and Space Administration (NASA) prime contracts. Amorer allegedly received approximately \$7,500 in checks (made payable to his wife) from a tool repair shop in return for his awarding Cercast purchase orders to this repair shop. The Syracuse RA is conducting the investigation with NASA and the Quebec Provincial Police.

#### **Refund Fraud**

Indictments were returned against Cathy Gaskin, Louise Fisher and Carolyn Johnson, employees of the Defense Commissary Agency, Fitzsimons Army Medical Center, Aurora, CO. They were charged as follows: Gaskin - 16 counts of theft and destruction of records and 6 counts of making false state-

ments; Johnson - 2 counts of theft and 1 count of making a false statement; Fisher - 3 counts of theft and 1 count of making a false statement. Between November and December 1998, Gaskin, Fisher and Johnson, former lead cashiers at the Fitzsimons Commissary, allegedly stole cash from the front office at the Fitzsimons Commissary. They allegedly created false statements for alleged refunds that never occurred, or they took extra cash from those refunds that did occur. The Denver RA is conducting the investigation.

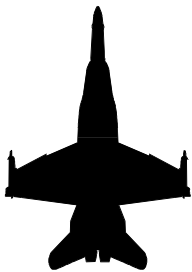
#### **Benefits Fraud**

An indictment was returned against Thomas J. Hildenbrand in Milwaukee, WI, for allegedly conspiring with others in the theft and wrongful conversion of DoD funds. In addition, an information was filed against Jill Hildenbrand charging her with wrongful conversion of DoD funds. From about May 1983 until April 1995, Thomas Hildenbrand allegedly conspired to forge the signature of his deceased mother-in-law, Alice Maijala, on several U.S. Treasury checks and wrongfully convert the proceeds to personal use. Maijala, the legal recipient of a DoD annuity, died in April 1983. The Defense Finance and Accounting Service (DFAS), unaware of Maijala's death, continued to forward annuity payments in her name to the Hildenbrand residence. Thomas Hildenbrand's co-conspirators

were Jill Hildenbrand, his daughter, and Sharon Hildenbrand (now deceased), his wife. The loss totaled \$61,529.89. The Milwaukee Post of Duty (POD) is conducting the investigation.

#### **Embezzlement**

An information was filed against John A. Jimenez, former payroll accountant, Northrop Grumman Corporation, Hawthorne, CA, charging him with embezzlement of Government funds. Jimenez allegedly embezzled and converted for his own use approximately \$90,000 in Northrop Grumman payroll funds under Northrop Grumman's contract to manufacture the Navy F-18 Hornet fighter and other Government contracts. The Long Beach RA is conducting the investigation jointly with the Naval Criminal Investigative Service (NCIS).



#### **Benefits Fraud**

An information was filed against Patricia E. Holloway, Vallejo, CA, charging her with theft of Government property, bank larceny, identification fraud and Social Security fraud. Holloway allegedly continued to receive Federal DoD retirement benefits destined for Frank King, a former U.S. Military Service veteran,

for 2 ½ years after King's death. The funds were electronically deposited into a bank account held solely in King's name. Holloway, King's daughter, allegedly removed the funds from the account using her deceased father's ATM card and by forging his signature to checks drawn on the account. Holloway allegedly failed to notify the Government of King's death in 1996, then, through mid-1999, received and converted to her own use over \$19,000 deposited into King's account by the DFAS. Holloway was arrested on June 14, 1999 after entering the bank. At that time, she was carrying credit cards obtained using an alias and a false Social Security Number. The San Francisco RA is conducting the investigation with the Vallejo Police Department, DFAS "Operation Mongoose" and the Defense Manpower Data Center.

#### **Theft of Surplus**

An information was filed against Joseph R. Croce, Jr., Cranston, RI, charging him with theft from a program receiving Federal funds. Croce, a civilian employee of the Rhode Island (RI) Wing, Civil Air Patrol (CAP), converted to his own use and sold property worth approximately \$35,000 that he obtained from the Defense Property Disposal Program. Croce, who was the RI-CAP Wing Vice Commander, allegedly misappropriated property intended for the use of the RI-CAP. The CAP,

which is a nonprofit volunteer civilian auxiliary of the U.S. Air Force, is eligible to receive DoD excess property under the disposal program. The Boston RA is conducting the investigation with the General Services Administration.



#### **Kickbacks**

As a result of a 3 1/2 year undercover investigation into fraud and corruption within the maritime industry, informations were filed in New Orleans, LA; Jacksonville, FL; Houston, TX; and Mobile, AL, against the following:

- Donald Allender, former senior vice president of Bay Ship Management, Incorporated (BSM), Englewood Cliffs, NJ, who was responsible for the oversight of the port engineers, was charged with accepting kickbacks.

- Cary Byron, Jacksonville, FL, former senior port engineer, BSM, Englewood Cliffs, NJ, was charged with conspiracy to accept kickbacks, accepting kickbacks, mail fraud, obstruction of justice and tax fraud.

- Eric Bardes, New Orleans, LA, former port engineer, BSM, New Orleans, LA, was charged with mail fraud.

- Robert Kessler, Terrytown, LA, former port engineer, BSM, New Orleans, LA, was charged with mail fraud.

- Tore Stornes, senior account executive for Unitor Ship Service, Incorporated, was charged with conspiracy.

- Joseph W. LeClair, III, owner, Janco Ship Repair, Inc., was charged with providing a kickback to a prime Government contractor.

- Janco Ship Repair, Inc., Jacksonville, FL, a subcontractor to BSM, was charged with paying kickbacks to Byron.

The BSM, Englewood Cliffs, NJ, was awarded multiple contracts, valued in excess of \$200 million, by the U.S. Navy Military Sealift Command to manage and operate eight "fast Sealift ships." The BSM then performed scheduled and unscheduled maintenance and repairs on the ships, which was accomplished by the ship's crew and the use of outside contractors. Byron, Bardes and Kessler were responsible for creating a scope of work statement, seeking competent contractors and competitively awarding the work. Byron, Kessler and Bardes allegedly used their influence to award contracts to outside contractors from which they had solicited and received kickbacks. The Orlando RA and the New Orleans RA are conducting the investigation with various entities that in-

clude the NCIS, the FBI and the IRS, with audit assistance from the DCAA.

#### **Subcontractor Fraud**

Harley Ralph Braden, former owner of Ayeone Machine and Grinding, and Marguerite Braden, co-owner of the company, were convicted on various counts of conspiracy, false statements, wire fraud and aiding and abetting. The Bradens engaged in a scheme to defraud small business subcontractors by ordering the manufacture of parts, delivering the parts to the DoD, but not paying the subcontractors. The Bradens also concealed the fact that Harley Braden was a debarred Government contractor by lying to Government inspectors. The Salt Lake City RA conducted the investigation with the US Army Criminal Investigations Command (USACIDC).

#### **Misuse of Property**

Great Lakes Contracting, Incorporated, pled guilty in U.S. District Court, Buffalo, NY, to wrongful conveyance of U.S. Government property. Great Lakes Contracting used a DoD tracked carrier to perform work on a Village of Akron construction project. The tracked carrier was originally obtained by the Western New York Military Museum from the U.S. Army Tank and Automotive Command under a donation program that provides surplus military vehicles to museums for use as display only. Thomas Gould, president of Great Lakes

Contracting, was the curator of the Western New York Military Museum. The Syracuse RA conducted the investigation with the FBI, the US-ACIDC, the Bureau of Alcohol, Tobacco and Firearms and the Defense Logistics Agency (DLA) Office of Investigations.



#### **Kickbacks**

John Roche' Wheat, former project manager for PI Construction Company (PICC) at Scott AFB, IL, pled guilty to two counts of accepting kickbacks. In addition, Donald James Hartenberger, former superintendent/estimator with PICC at Scott AFB, pled guilty to two counts of providing kickbacks. In July and November 1994, Wheat accepted two kickbacks, totaling \$25,000, from Hartenberger in exchange for Wheat's assistance in obtaining subcontracts in connection with an Air Force contract. The Central FO conducted the investigation with the USPIS.

#### **Importation Fraud**

Ronald Dean Garlick, president, Garlick Helicopters, Incorporated, Hamilton, MT, pled guilty to one count of entry of goods by means of

false statements in accordance with an agreement between Garlick and the U.S. Attorney's Office, Southern District of Texas. An investigation determined Garlick used false statements on U.S. Customs Service (USCS) importation documents to enter into the United States prohibited military armaments having an approximate value of \$400,000. The USCS documents submitted by Garlick declared the imported merchandise to be "used helicopter parts." The shipment actually contained 20mm machine gun barrels; 20mm machine gun housings and assemblies; 40mm grenade launcher barrels, and a 40mm grenade launcher that was originally manufactured for the U.S. military. The shipment originated in Spain and passed through the Port of Houston, Houston, TX, where the armaments were seized by the USCS. The Houston RA conducted the investigation with the USCS.

#### **Forgery**

William L. Stanton pled guilty in Federal District Court, Chicago, IL, to one count of forging a signature on two U.S. Treasury checks. An investigation disclosed Stanton obtained two U.S. Treasury checks intended for a DoD contractor, then forged signatures on, and negotiated, the two checks. The checks were in the amounts of \$62,400 and \$12,600. As a result of the investigation,

Stanton returned \$15,000 and has agreed to reimburse the DoD for the remaining loss of \$60,000. The Chicago POD conducted the investigation jointly with the USPIS.

#### **Bank Fraud**

David M. Mitchell, co-owner and president of Campbell M. Industries, Incorporated (CMI), Stockton, CA, pled guilty to one count of bank fraud. Mitchell was previously convicted of wire fraud and mail fraud as a result of submitting false claims to the DoD. He was sentenced to 42 months incarceration for those convictions. An investigation disclosed Mitchell illegally obtained a \$200,000 tax refund check due to Trillium Digital Systems, Inc. (Trillium), Los Angeles, CA, that he deposited into the CMI bank account. When bank officials questioned Mitchell about the check, Mitchell presented fraudulent invoices in an attempt to convince the bank he properly received the check from the DoD for the sale of surplus aircraft parts to Trillium. Trillium officials denied ever doing business with CMI or Mitchell. Trillium is a software and Internet engineering firm and does not sell or use surplus aircraft parts. Union Safe Deposit Bank, Stockton, CA, a federally insured bank, was defrauded out of \$195,000 due to Mitchell's scheme. The San Francisco RA conducted the investigation jointly with the FBI.

#### **Home Health Care**

Kimberly Home Healthcare, Incorporated (Kimberly), Miami, FL, a subsidiary of Olsten Health Management Corporation (Olsten), pled guilty in U.S. District Courts in Atlanta, GA, and Tampa and Miami, FL, to charges of mail fraud, conspiracy and paying kickbacks with respect to U.S. Government medical cost reimbursement programs. Pursuant to an agreement, Kimberly also was sentenced to pay criminal fines totaling \$10,080,000. The informations charged that Kimberly knowingly assisted Columbia Healthcare Corporation in the preparation and filing of false cost reports with the U.S. Government with respect to home health care. The charges against Kimberly stem from a *qui tam* lawsuit filed against the Nation's largest hospital chain, Columbia/HCA Healthcare Corporation (Columbia/HCA), which is also under investigation. An investigation disclosed Columbia/HCA bought several Florida based home health agencies at artificially low prices from Kimberly and then paid Olsten inflated fees to manage the agency. The inflated costs were then reimbursed to Columbia/HCA through U.S. Government medical care reimbursement programs, all with the knowledge and assistance from Kimberly officials. Kimberly has agreed to pay \$51 million to the U.S. Government to settle the civil issue. The Or-



lando RA conducted the investigation with the FBI and with audit support from the DCAA.

### **Kickbacks**

Steven Horowitz, former settlement manager for Metech International, Mapleville, RI, pled guilty to conspiring to commit mail fraud and to making false statements. Horowitz participated in various schemes that resulted in the theft of precious metals from Metech International and its customers. The metals generated cash that was then used to pay kickbacks to a DoD contractor employee in return for favorable settlements relative to the processing of precious metal scrap. These monies were owed to the DoD in connection with DoD contracts. The Hartford RA conducted the investigation with the NCIS.

### **Sexual Abuse**

Grant V. Lee was found guilty of one count of sexual abuse. An investigation determined Lee sexually abused a former co-worker while both were working as custodians at the DLA Headquarters, Fort Belvoir, VA. The Mid-Atlantic FO conducted the investigation jointly with the FBI and the USACIDC.

### **Health Care Fraud**

Margaret Garnett pled guilty in Los Angeles, CA, to three counts of mail fraud involving a scheme that defrauded the DoD CHAMPUS program, now known as TRICARE.

Garnett falsely represented to various medical providers that she was the spouse of a retired U.S. Army veteran and thereby entitled to TRICARE benefits. By virtue of Garnett's false representations, TRICARE paid out over \$300,000 in reimbursements toward the medical care of Garnett for in-vitro fertilization procedures and the birth of quadruplets. The Long Beach RA conducted the investigation with the FBI.

### **Concealed Income**

Henry Blume Loe, a sales manager at Loe's Highport, Incorporated, Pottsville, TX, was convicted of the following: one count of conspiracy to defraud the U.S. Army Corps of Engineers (COE) by underreporting \$18 million in gross revenues to the COE; four counts of submitting false statements on revenue reports to the COE; four counts of filing false tax returns of about \$450,000 in unreported income, and one count of filing a false monetary transaction report by failing to report a cash transaction over \$10,000. Between 1990 and 1995, Henry Loe, along with Loe's Highport and the corporate principals, Babo Loe and C.D. Loe, Jr., conspired to underreport more than \$18 million in boat sales and other gross income to the COE. The underreporting of income also resulted in the filing of false income tax returns. Loe's Highport leases land on Lake Texoma from the Tulsa Dis-

trict Corps of Engineers where Loe's Highport owns a commercial concession that includes over 950 boat slips, nightclubs and retail stores, as well as boat sales and boat repair services. Under terms of the lease contract, Loe's Highport is required to pay the COE a percentage of total receipts (gross income) from the business operations conducted on the premises. The COE marina operated by Loe's Highport is the largest inland marina in the continental United States. As a result of two previous trials, Babo Loe, and C.D. Loe, Jr., are currently serving sentences of 6 ½ years and 2 years, respectively, for various counts of conspiracy, false statements, tax fraud, money laundering, mail and wire fraud, and insurance fraud. The Tulsa POD conducted the investigation jointly with the IRS and the FBI, with audit assistance from the DCAA.

## **Sentences**

### **Check Theft**

Brenda Austin, Cortilya Hearst and Almeta Regulus each pled guilty in U.S. District Court, Cleveland, OH, to one count of conspiracy to defraud the United States and were sentenced as follows: Austin - 1 year of supervised probation, restitution of \$949 to DFAS and a \$100 special assessment; Hearst - 2 months home confinement, 4 years supervised probation, restitution of \$949 to DFAS and a \$100 special assess-

ment; Regulus - 4 years supervised probation, restitution of \$949 to DFAS and a \$100 special assessment. An investigation revealed Austin stole both a personal and a U.S. Treasury check from the DFAS, Cleveland, OH, where she was previously employed. Hearst and Regulus were not employed there, but participated in the forgery and illegal negotiation of these two checks, which were valued in excess of \$1,000. On a monthly basis, DFAS, Cleveland disperses funds to approximately 2.5 million U.S. military members and retirees. The Cleveland RA conducted the investigation.

#### **Theft**

Edmund Drew pled guilty to four counts of grand theft and burglary and was immediately sentenced to 300 days incarceration (with credit given for 62 days already served) and 3 years probation. Drew was involved in the frequent theft of military equipment from the March Air Reserve Base, Riverside, CA, where he served as a security officer with the California Air National Guard. During the investigation, Drew was arrested on two occasions and ultimately confessed while in custody. Although Drew previously estimated the value of the items he stole at about \$50,000, military officials calculated the loss closer to \$85,000. These calculations were based, in part, on the volume of material recovered during several search war-

rants conducted at Drew's residence and the residences of several of his associates. The Western FO conducted the investigation jointly with the Air Force Office of Special Investigations and the Detective Bureau of the Riverside County Sheriff's Office.



#### **Environmental Crime**

Duval Septic Tank Company, Incorporated (Duval), Jacksonville, FL, pled guilty to violating the State of Florida criminal code by illegally disposing of raw human waste and was sentenced to pay a \$4,253 fine. Duval transports and disposes of hazardous waste and sludge and is a subcontractor of the North Florida Shipyard, Incorporated (NFS), Jacksonville, FL, a prime contractor with the U.S. Navy. The investigation found that while the *USS Samuel E. Morrison* was docked at the NFS for various repairs, which included work on the ship's sewage system, untreated human waste created on board the *USS Samuel E. Morrison* was being stored in an above ground storage tank. The NFS subcontracted with Duval to pump the tank empty on a

daily basis. The waste was to be transported and disposed of at an approved treatment facility in Jacksonville, FL. However, Duval disposed of the waste by illegally dumping it on undeveloped land in the western part of Duval County, FL. The Jacksonville POD conducted the investigation as a member of the First Coast Environmental Crimes Task Force, which is comprised of various State and Federal agencies.

#### **Health Care Fraud**

Richard J. Anderson, Trempealeau, WI, pled guilty to one count of theft by swindle and one count of medical assistance fraud. As part of his plea agreement, Anderson agreed not to bill any government program for his services for the rest of his life. Anderson, a licensed psychologist, was sentenced to pay restitution of \$58,000, a \$30 fine and probation of 20 and 10 years per count as a result of submitting false billings to the Minnesota Medical Assistance Program. An investigation determined Anderson had billed for services not rendered and had inflated charges and times for other services. Anderson's false billing practices extended beyond the Minnesota Medical Assistance program to include false claims to TRI-CARE (formerly the Civilian Health and Medical Program of the Uniformed Services). The Minneapolis POD conducted the investigation with the Medicaid Fraud Division

of the Minnesota Office of the Attorney General.

### **Bribery**

Roger Day, Jr., Sparta, NJ, doing business as QPZ Products, All American Products, TMF Nurseries, Consolidated Cutting Tool Company, and Quality Products Company, was sentenced to 97 months incarceration, 3 years probation, \$10,000 restitution to the DoD and a \$350 special assessment fee. Day previously pled guilty to conspiracy to commit bribery, attempted bribery, forgery, mail fraud and passport fraud in connection with conspiring to defraud the DoD and the Department of Veterans Affairs (VA) of more than \$400,000. In November 1995, Day and Christine Day, his wife, fled the United States to Italy to avoid prosecution; both were arrested there. Christine Day subsequently waived extradition and voluntarily returned to the States. Roger Day waged a 1 ½ year fight to avoid extradition, but was ultimately returned to the United States to face Federal and state indictments. Christine Day, president of All American, Quality Products and TMF Nursery, pled guilty and agreed to cooperate against her husband. She was sentenced and served a 1 year Federal prison term for defrauding the DoD. In addition, five other Government employees of the DoD and VA have pled guilty and been sentenced on related bribery charges involving the Day

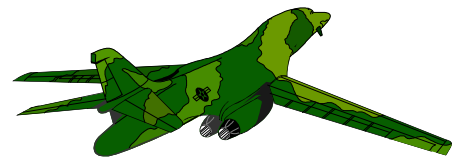
conspiracy. The New Jersey RA conducted the investigation with the VA and the US-PIS.



### **Failure to Test**

Anthony R. St. George and George Allen were sentenced in Orlando, FL, for conspiracy and making false statements to the U.S. Government. St. George was sentenced to 30 months incarceration, 3 years supervised release, fined \$7,948 and a \$900 special assessment fee. Allen was sentenced to 10 months incarceration, 2 years supervised release, fined \$7,948 and a \$700 special assessment fee. The investigation determined that St. George, designated mechanical examiner for Saint George Aviation (SGA), failed to properly administer Federal Aviation Administration (FAA) tests of mechanics, including DoD military personnel. The tests were administered between 1996 and 1998 and consisted of airframe and powerplant (A&P) certifications. St. George and Allen provided mechanics with answers to the A&P tests, failed to give segments of the tests, issued certifications when no

testing was conducted and certified A&P tests were taken on days the office was closed. The written, oral and practical tests administered at SGA followed a training course approved by the FAA. The Fort Lauderdale POD conducted the investigation with the Department of Transportation.

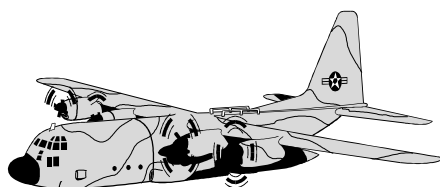


### **Failure to Test**

RGA Labs, Incorporated (RGA), Torrance, CA, was sentenced to pay a \$500,000 fine, restitution of \$1.2 million, a \$300 special assessment and was placed on probation for 5 years as a result of false statements to the DoD and the NASA. RGA specializes in the testing of electronic components, such as semi-conductors and integrated circuits, to strict environmental, mechanical and electronic operational requirements. The testing is designed to ensure that the components meet Government quality requirements for high reliability applications, such as military weapon systems and space application hardware. An investigation disclosed RGA falsely certified that required testing had been properly performed when, in fact, testing was performed improperly or never performed. In many instances, the RGA test equipment was broken down



or did not exist. RGA also certified parts that had failed testing, then falsified data to either pass parts that had failed testing or to make it appear testing had been properly performed. A Safety Alert and Government-Industry Data Exchange Program alert were issued to notify affected programs of potential safety issues. Affected programs include the NASA Space Station; the U.S. Navy TACAN [Tactical Aid for Control and Navigation] System; the Air Force Titan Launch Vehicle, the B-1 bomber, the C-130 aircraft and the DoD Defense Supply Center-Columbus. The Western FO conducted the investigation with NASA and the DLA Defense Contract Management Command (DCMC).



### Health Care Fraud

Charles Childers was sentenced in U.S. District Court, Tampa, FL, to 6 months home detention, 3 years probation, \$400,000 in restitution and a \$100 special assessment fee. Childers had previously pled guilty to one count of conspiracy to defraud TRICARE and Medicare health care programs. Childers was the president of Neurodiagnostic Consultants, Incorporated, Miami, FL. He conspired with others to make

kickback payments for patient referrals from various physicians, including patients covered by the TRICARE program, formerly known as CHAMPUS. The Orlando RA conducted the investigation with the USPIS, the HHS and the IRS.

### Kickbacks

Gino A. Garilli, Simsbury, CT, was sentenced to 3 years probation, a \$15,000 fine and a \$150 special assessment fee for accepting kickbacks and income tax evasion. An investigation determined Garilli, as the purchasing agent for prime DoD contractor Kaman Aerospace Corporation (Kaman), Bloomfield, CT, received kickbacks from Royce Aerospace Materials Corporation (Royce), Farmingdale, NY, a former DoD subcontractor and supplier of raw materials. Between 1993 and 1996, Garilli received about \$110,000 in cash kickback payments from Robert Berger, the former president of Royce. In return, Garilli provided Berger with the bidding information he needed to be the lowest bidder on subcontracts awarded by Kaman. Garilli did not report this additional income on his tax returns. The New York RA conducted the investigation jointly with the IRS.

### Environmental Crime

John Orsini, former executive director of Industrial Technology (IT), and Edward Jorgenson, former director of IT, were sentenced as follows: Orsini - 41 months of

confinement, 3 years supervised release, \$10,000 in fines, \$1,180.13 in restitution and a \$2,000 special assessment fee; Jorgenson - 31 months of confinement, 3 years supervised release, \$5,000 in fines, \$1,180.12 in restitution and a \$2,000 special assessment fee. Orsini and Jorgenson were each convicted on 40 counts of mail fraud. An investigation determined that IT fraudulently charged the DoD and commercial companies for the treatment and proper disposal of contaminated non-hazardous waste water, when the directors of IT disposed of the waste water in a septic tank at the IT job site. The IT directors then instructed their employees to dispose of the untreated waste water by spraying the water on a property in Maile, HI, that was being leased by IT to store shredded tire chips. The Hawaii POD conducted the investigation with the FBI and the NCIS.



### Theft

Steven Lee Gillam, Woodbridge, VA, was sentenced to 1 year of probation and ordered to pay a \$1,000 fine for

theft of Government property. In August 1998, Gillam stole a high-end Sony DVR-20 composite video recorder, valued at \$40,000, from the DRMO, Fort Belvoir, VA. Gillam, a regular participant in DRMO public auctions of excess DoD property since 1997, stole the Sony DVR-20 composite video recorder when he came to the DRMO Fort Belvoir to pick up other property he had purchased there in July 1998. The Mid-Atlantic FO conducted the investigation jointly with the FBI.

#### **Health Care Fraud**

Aberdeen Ambulance Service, Incorporated (Aberdeen Ambulance), Aberdeen, SD, and Carter B. Hall, its owner and president, were sentenced as follows: Hall, who previously pled guilty to four counts of engaging in money transactions in property derived from specified unlawful activity, was sentenced to 30 months confinement, 36 months of supervised release on each count, \$20,000 in fines, and a \$400 special assessment; Hall and Aberdeen Ambulance, which had previously pled guilty to one count of wire fraud, were ordered to pay \$702,500 in restitution and Aberdeen Ambulance was ordered to pay a \$400 special assessment. An investigation determined Hall submitted false and inflated billings for reimbursement of ambulance services to Medicare, TRICARE and the State of South Dakota Medicaid

Program. Some of the illegal proceeds were later used to purchase two ambulances, upgrade offices, pay off business loans, purchase recreational acreage in the Black Hills of South Dakota and pay employee payroll taxes. The Sioux Falls POD conducted the investigation with the FBI, the IRS and the State of South Dakota Medicaid Fraud Unit.

### **Civil Settlements**

#### **Health Care Fraud**

Nova Southeastern University, Incorporated (Nova), Fort Lauderdale, FL, entered into a settlement agreement with the U.S. Attorney's Office, Southern District of Florida, Fort Lauderdale, FL. Under terms of the agreement, Nova agrees to pay the Government and the State of Florida \$4,149,555. An investigation determined that Nova billed TRICARE, Medicare and Medicaid for psychological services purportedly provided by licensed therapists or physicians. The services at issue were provided by unlicensed student interns. The Fort Lauderdale POD conducted the investigation with the State of Florida Attorney General's Medicaid Fraud Control Unit and the State of Florida Comptroller's Office.

#### **Health Care Fraud**

Sharp Memorial Hospital (SMH), San Diego, CA, entered into a civil settlement agreement and will pay the Government \$863,711.56 to settle allegations that SMH

knowingly made false claims to TRICARE, formerly known as CHAMPUS, and other Federal health insurance programs. A *qui tam* complaint alleged that over 100 hospitals, nationwide, including SMH, violated the False Claims Act by using the wrong diagnostic codes ("ICD-9 codes") and the wrong "diagnosis related groups (DRGs) in order to receive higher reimbursement. Specifically, in 1993, a diagnosis code for "Pneumonia due to other specified bacteria -- other specified bacteria" (ICD-9 code 482.89 & DRG section 79) was added to the list of diagnosis codes. The reimbursement rate for this new code was also more than diagnosis codes for commonly identified types of bacteria that cause pneumonia. This code was designed for use only in the unlikely circumstance that the patient suffered from a strain of bacterial pneumonia that was specifically identified by a health care professional, but that strain did not have an individual corresponding diagnosis code. The investigation determined that typically hospitals do not, or can not, identify the specific bacteria causing pneumonia. Further, if a hospital were to identify the bacteria it almost always would be one of the types for which there was a specific diagnosis code. The San Diego RA conducted the investigation jointly with the HHS.



*To report suspected criminal activity involving the Department of Defense please contact the nearest Defense Criminal Investigative Service office.*

Phoenix, AZ  
Comm: (602) 277-7253/4  
Telefax: (602) 277-9890  
E-Mail: 30px@dodig.osd.mil

Tucson, AZ  
Comm: (520) 620-7390  
Telefax: (520) 620-7388  
E-Mail: 30tc@dodig.osd.mil

Long Beach, CA  
Comm: (562) 980-4242  
Telefax: (562) 980-4249  
E-Mail: 50es@dodig.osd.mil

Mission Viejo, CA  
Comm: (949) 643-4441  
Telefax: (714) 643-4769  
E-Mail: 50la@dodig.osd.mil

Sacramento, CA  
Comm: (916) 489-1254  
Telefax: (916) 489-1462  
E-Mail: 50sm@dodig.osd.mil

San Diego, CA  
Comm: (619) 569-1497/98  
Telefax: (619) 569-6401  
E-Mail: 50sd@dodig.osd.mil

San Francisco, CA  
Comm: (510) 637-2965  
Telefax: (510) 637-2972  
E-Mail: 50sf@dodig.osd.mil

Van Nuys, CA  
Comm: (818) 781-2575/3068  
Telefax: (818) 781-3277  
E-Mail: 50vn@dodig.osd.mil

Denver, CO  
Comm: (303) 799-8182  
Telefax: (303) 799-8615  
E-Mail: 30da@dodig.osd.mil

Hartford, CT  
Comm: (860) 721-7751  
Telefax: (860) 721-6327  
E-Mail: 10hf@dodig.osd.mil

Ft. Lauderdale, FL  
Comm: (954) 202-9167  
Telefax: (954) 202-9217  
E-Mail: 20fl@dodig.osd.mil

Jacksonville, FL  
Comm: (904) 855-0991  
Telefax: (904) 855-4078  
E-Mail: 20jx@dodig.osd.mil

Orlando, FL  
Comm: (407) 895-2622  
Telefax: (407) 895-2620  
E-Mail: 20or@dodig.osd.mil

Pensacola, FL  
Comm: (850) 651-6377  
Telefax: (850) 651-6962  
E-Mail: 20pc@dodig.osd.mil

Atlanta, GA  
Comm: (770) 916-9920/9926  
Telefax: (770) 916-9937  
E-Mail: 20at@dodig.osd.mil

Honolulu, HI  
Comm: (808) 541-2590  
Telefax: (808) 541-3609  
E-Mail: 50hi@dodig.osd.mil

Chicago, IL  
Voice: (847) 827-9480  
Telefax: (847) 827-3724  
E-Mail: 40ch@dodig.osd.mil

Indianapolis, IN  
Voice: (317) 542-4009  
Fax: (317) 542-4012  
E-Mail: 40in@dodig.osd.mil

Kansas City, KS  
Voice: (913) 551-1350  
Telefax: (913) 551-1362  
E-Mail: 40kc@dodig.osd.mil


Wichita, KS  
Voice: (316) 682-1991  
Telefax: (316) 682-1609  
E-Mail: 40wc@dodig.osd.mil

New Orleans, LA  
Comm: (504) 641-0691  
Telefax: (504) 641-0838  
E-Mail: 20no@dodig.osd.mil

Boston, MA  
Comm: (617) 753-3044  
Telefax: (617) 753-4284  
E-Mail: 10bn@dodig.osd.mil

Chapel Hill, NC  
Comm: (919) 929-4744/4746  
Telefax: (919) 967-4325  
E-Mail: 20rl@dodig.osd.mil

Baltimore, MD  
Comm: (410) 529-9054  
Telefax: (410) 529-9052  
E-Mail: 60bt@dodig.osd.mil

<p>St. Paul, MN Voice: (651) 222-0212 Telefax: (651) 222-8316 E-Mail: 40mn@dodig.osd.mil</p> <p>St. Louis, MO Voice: (314) 539-2172 Telefax: (314) 539-2967 E-Mail: 40sl@dodig.osd.mil</p> <p>Edison, NJ Comm: (732) 819-8455 Telefax: (732) 819-9430 E-Mail: 10sp@dodig.osd.mil</p> <p>Albuquerque, NM 87109 Comm: (505)342-4800 Telefax: (505)342-4814 E-Mail: 30aq@dodig.osd.mil</p> <p>New York, NY Comm: (516) 420-4302 /4307 Telefax: (516) 420-4316 E-Mail: 10ny@dodig.osd.mil</p> <p>Syracuse, NY Comm: (315) 423-5019 Telefax: (315) 423-5099 E-Mail: 10sy@dodig.osd.mil</p> <p>Cleveland, OH Voice: (216) 522-2296/7 Telefax: (216) 522-7196 E-Mail: 40cl@dodig.osd.mil</p> <p>Columbus, OH Voice: (614) 692-3629/3855 Telefax: (614) 231-8905 E-Mail: 40co@dodig.osd.mil</p> <p>Dayton, OH Voice: (937) 534-0100 Telefax: (937) 534-0117 E-Mail: 40dy@dodig.osd.mil</p>	<p>Tulsa, OK Comm: (918) 581-6485 Telefax: (918) 581-6489 E-Mail: 30tl@dodig.osd.mil</p> <p>Philadelphia, PA Comm: (610) 595-1900 Telefax: (610) 595-1934 E-Mail: 10pa@dodig.osd.mil</p> <p>Pittsburgh, PA Comm: (412) 395-6931/6879 Telefax: (412) 395-4557 E-Mail: 10pb@dodig.osd.mil</p> <p>Sioux Falls, SD Voice: (605) 330-4211 Telefax: (605) 330-4212 E-Mail: 40sx@dodig.osd.mil</p> <p>Nashville, TN Comm: (615) 736-2930 Telefax: (615) 736-2939 E-Mail: 20nv@dodig.osd.mil</p> <p>Dallas, TX Comm: (817) 543-4350 Telefax: (817) 543-4365 E-Mail: 30da@dodig.osd.mil</p> <p>Houston, TX Comm: (713) 227-7263 Telefax: (713) 236-8487 E-Mail: 30hs@dodig.osd.mil</p> <p>San Antonio, TX Comm: (210) 366-1037 Telefax: (210) 366-4031 E-Mail: 30sa@dodig.osd.mil</p> <p>Salt Lake City, UT Comm: (801) 625-5703 Telefax: (801) 625-5711 E-Mail: 30og@dodig.osd.mil</p>	<p>Seattle, WA Comm: (206) 553-0700 Telefax: (206) 553-0057 E-Mail: 30da@dodig.osd.mil</p> <p>seArlington, VA Comm: (703) 604-8439/40 Telefax: (703) 604-8442 E-Mail: 60dc@dodig.osd.mil</p> <p>Norfolk, VA Comm: (757) 441-3412 Telefax: (757) 626-1891 E-Mail: 60nf@dodig.osd.mil</p> <p>Richmond, VA Comm: (804) 748-2055 Telefax: (804) 748-5327 E-Mail: 60rm@dodig.osd.mil</p> <p>Milwaukee, WI Voice: (414) 297-1810 Telefax: (414) 297-1817 E-Mail: 40ml@dodig.osd.mil</p> <p>Wiesbaden, Germany Comm: 011-49-611-3807526 Telefax: 011-49-611-3807421 DSN: 338-7526 Fax: 338-7421</p> <p><i>You may also call, write or e-mail the Department of Defense Hotline at Defense Hotline The Pentagon Washington, DC 20301-1900 Voice: (800) 424-9098 Voice: (703) 604-8546 E-Mail: hotline@dodig.osd.mil</i></p> 
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